

**SECRET**

(Security Classification)

Enclosure 2.DCN Case Summaries

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(Note: Unless indicated otherwise, [ ] information contained in these summaries is classified SECRET/NOFORN/INFORMATION ONLY)

1. DCN Case 368 (Metal Working Mach. & Diamond Drills; Verohandel/CETOR)

Bonn, Germany Despatch 2428, 13 May 1955, reported that a shipment of strategic equipment, consisting of five "Original Winter" diamond boring and turning tools and eight diamond hollow drills, all of West German origin, valued at £ 832 (\$2330) have allegedly been diverted to Communist China at Rotterdam. Verohandel, N.V. Rotterdam, recently entered into an agreement with China National Import & Export Corporation to deliver this equipment to Communist China. Central European Trade Organization, Ltd., London, also participated in the contract. The equipment was to have been shipped from either Hamburg, Antwerp or Rotterdam via Gdynia to a port in China before 15 June 1955. (CONFIDENTIAL)

2. DCN Case 369 (Bearings; Ger/Switz/Belg)

CA-8206 to Antwerp 24 May 1955, quoted a translation of an article appearing in the April 1955 issue of the publication WEST-OST entitled "Unauthorized Delivery of Ball Bearings to the Eastern Countries" in which allegations were made that a West German firm had recently shipped ball bearings to Prague, Czechoslovakia. In order to circumvent export control regulations, shipments were limited to small quantities of bearings, valued at less than 500 DM and were sent via a Swiss intermediary and a Belgium forwarder. Reference was made to ten unidentified British, Belgian and Swiss firms, some of which were reportedly fictitious. In response to instructions in this cable, Embassy Bonn D-2646, 14 June 1955, pointed out that since early in 1954 ball bearings have been excluded from West German small value shipment procedure and that all IL Lists I and II ball bearing shipments to the European Soviet Bloc, Communist China, Hong Kong, Macao, North Korea and North Vietnam were subject to approval by the West German export licensing office in Frankfurt. The Consul General in Hamburg has been requested to obtain, if possible, further details on the described diversions. (CONFIDENTIAL)

3. DCN Case 370 (Cobalt - 2.5 quintals; Metallurgica Ceramica Vanzetti)

Milan D-204, 10 June 1955, reported that the 29 May 1955 issues of several Milan newspapers had published accounts stating that 2.5 quintals (250 kilograms) of cobalt metal in cubes had been stolen from the warehouse of Metallurgica Ceramica Vanzetti. The press conjectured that the cobalt had been stolen for export to Switzerland and to the "East". The firm upon being questioned about this report attempted to discount the importance attached to the theft by the press. The cobalt, it declared, is of Belgian origin and had been stolen by Gastone Loro, a former warehouse guard, who sold it to local dye concerns and tanners. About 40 kilograms had been recovered. They expect to recover the remainder locally and do not believe any was exported. The local police also reported that only 190 kilograms had been stolen of which 50 kilograms had been recovered.

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4. DCN Case 371 (Radar Equipment; Brgdner)

Paris Tel. 5556, 20 June 1955, reported that Embassy and USRO had been informed by Noel-Mayer that E. German Government was obtaining radar equipment for USSR from Fidelity Trading Co., San Francisco. Diversion was being made possible by one Steiner of Brodner & Cie., (Brgdnor on original document) Vienna. The goods were ostensibly to be shipped to US occupation forces in Germany. The firms Blumenfeld and Co., Munchmeyer and Co., Rabbow & Co., Hesseneumann & Co., of Hamburg were directing the transaction. The merchandise was to have been shipped from San Francisco 12 May 55 to Rotterdam from where it was to have been transported on a Swedish freighter to Fors Blad, Goteborg, Sweden.

CA-1006, 4 August 55 stated that a search by a US Government agency of all outward manifests of vessels leaving San Francisco for Europe including those traveling by other ports between 6 May and 20 May 55 revealed that no shipments were made by Fidelity Trading Co. as a consignor or on behalf of another firm. Other references were CA-9253, 27 June, Stockholm D-1347, 30 June, Hague D-25, 8 July, Vienna Te. 3175, 23 June, Bonn Tel. 365, 1 August, all in 1955. (CONFIDENTIAL)

5. DCN Case 372 (Scrap (Armored Vehicles); Belg/Lux/Ger/Sweden)

Brussels D-1365, 9 June 1955, and T-1178, 24 June 1955 reported that American Embassy Brussels was informed by the Belgium Ministry of Defense that AGENIE MARITIME STRAUSS, a French firm, had asked Armament Deppe, a Belgium shipping company, to obtain bids on a proposed shipment of 400 armored combat vehicles, each weighing 17,000 pounds, from New Orleans to Antwerp. The ultimate destination of the vehicles, was reported to be Luxembourg. They were reportedly to be used as scrap. The Belgium army was advised by the Military Assistance Advisory Group and the Luxembourg Government that no such shipment was expected in Luxembourg. MAAG further informed Embassy Brussels that Northern Shipping, Antwerp, was obtaining bids from Isbrandtsen and Armament Deppe for the shipment of these vehicles and that the purchasers have paid \$2,000 each for the vehicles which appears extremely high for this amount of scrap. Luxembourg, T-139, 22 June 1955, suggests that the vehicles were being bought for the Bloc as a source of spare parts for obsolete US armored vehicles.

6. DCN Case 373 (Electrical Equipment; Oertly)

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Bern telegram (unnumbered) 14 June 1955 reported [redacted] that Walter OERTLY, Zurich was shipping Geraetebau - Anstalt Balzers electrical equipment, including a transformer, a converter unit and a signaling apparatus, on Swiss export papers to Indonesia. Shipment was being made via Basel to Citex N. V., Rotterdam, to be held at the disposition of Etablissement River, Vaduz, Liechtenstein. This firm on previous occasions was cited for allegedly exporting strategic goods ostensibly to Indonesia but actually was diverting them to the Bloc. See also: DCN #339. Walter Oertly who appears on the BFC check list has also been placed in Category I by the AAP.

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7. DCN Case 374 (Automotive Parts; Brandli/Bruselat) 25X1C

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Polto A-709, 15 June 1955, from USRO, Paris, reported information [REDACTED] that Erich Bruselat, a Berlin firm, had purchased an unknown quantity of automobile spare parts from Walter Brandli, Zurich, Switzerland. It was believed that the parts would be shipped from Hamburg, Germany to Basel, Switzerland for forwarding to Berlin. It was further reported that Walter Brandli, who operates a firm known as Commerce International de Detail et Vianles, has handled a few transactions for the East Bloc countries.

8. DCN Case 375 (Copper - 1,500 tons; Montaan)

Santiago D-903, 3 June 1955 reported details regarding CENTRAL BANK sales of Chilean copper to the subject firm (Montaan Metaalhandel), a metals broker. In view of continuing suspicion by a reliable informant that some of this copper may have been diverted to the Bloc, Santiago reports 5250 tons scheduled for delivery August-December 1955 and gives dates of shipment and vessels for 1500 tons shipped in May 1955.

9. DCN Case 376 (Copper scrap - 48 tons; Ayrton Metals)

On the basis of USRO Paris POLTO A 576 of 7 April 1955, an investigation was conducted to determine particulars on shipments of Ceylonese copper scrap which transitted the port of Antwerp on its way to the Soviet Bloc in 1954.

According to Colombo D-661 of 9 June 1955, the Ceylonese government provided data showing the London firm AYRTON METALS, INC. as consignee of the shipments in question as well as other shipments totaling 48 tons which are presumed to have been diverted.

Subsequent information revealed that the shipments were possibly the result of a transaction involving the Ceylonese firm, A. John PERARA & SONS. This firm had received a contract from the Ceylonese government to supply it with copper wire and in turn contracted with an unnamed Antwerp firm for the wire. The latter contract reportedly included a stipulation that the Antwerp firm would receive copper scrap from Ceylon in return for the wire, and this scrap is understood to have been consigned to the subject London firm by PERARA & SONS.

Other references are Colombo D-674, 23 June 1955, CA 78, 5 July 55, and Colombo D 48, 21 July 1955. (CONFIDENTIAL)

10. DCN Case 377 (Rock Crystal; De La Cruz)

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[REDACTED] De La Cruz, (FNU) possibly identical with Eddy Diaz de Cruz was reportedly in Paris during March 1955 attempting to sell rock crystal to the Soviet Bloc. Eddy Diaz de Cruz, a Brazilian, is agent and minority share holder

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of the Empresa de Minerias, (sic), Pitangui, Minas Gerais, Brazil. He travels on a Paraguayan diplomatic passport.

It is further reported that his modus operandi is to secure an export license for a given value and then proceed to declare to the authorities that the quartz shipped was of lesser value. Thus he can dispose of the balance without securing another export license. De La Cruz claims to be able to deliver through his American shippers, Izquierdo and Sons, New York City, or through the agency of friends who are South American diplomats. He guarantees delivery of a ton of rock crystal a month. CA-9208, 24 June 1955.

11. DCN Case 378 (Grinding Machines - 2,000; Malte-Manson/Siber Hegner)

Manila D-1339 23 June 1955 reported that the Chinese Communists had purchased 2,000 model M-24 Universal grinding machines, made by Malte Manson, Sweden, for auto repair shops. The information was passed by a clerk of the Swiss firm SIBER HEGNER CO., Hong Kong, who stated that the purchase was made in Hong Kong dollars and delivery was to be made "as soon as possible". (CONFIDENTIAL)

12. DCN Case 379 (Thorium Nitrate; Japan/Sweden)

Stockholm D-1343 30 June 1955 reported an alleged attempt made by an unnamed Swedish importer to purchase an unspecified quantity of thorium nitrate (AE List) from a manufacturer located in Osaka, Japan. The merchandise was to be imported into Sweden via Amsterdam but permission to import this material into Sweden was refused.

13. DCN Case 380 (Ships; PALEX)

According to Bonn D-1672, 7 Feb. 55, PALEX offered large quantities of vehicles and miscellaneous equipment to MOTOIMPORT, Warsaw. Embassy Rome reported in D-2636, 24 June 55 that the vehicles and equipment involved in the PALEX offer are US and British military surplus and appear to be identical with those offered for sale by the notorious PREMIER GROUP of England. (For details on PREMIER see DCN case 148 entitled SREM, Italy). On 22 July 55 State transmitted CA 649, which requested additional information on the possible association between the PREMIER and PALEX offers.

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PALEX has also offered to sell merchant vessels to Poland via an unknown firm in Bolivia. CA 649 disseminated this information to the field for investigation, pointing out the possible association between this offer and another offer of a Swedish ship to Poland via Honduras (Stockholm D-40 11 July 1955). Attention is also directed to Bonn D-1405, 31 Dec. 54, which reports an offer from PALEX to the Bloc for ships and Bonn D-1373, 29 Dec. 54, which reports an offer from PALEX to Rumania for US origin gasoline driven generators. (CONFIDENTIAL)

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## 14. DCN Case 381 (Nickel Cathode Sleeves; Jaeger/Telafunken)

A report from US Mission Berlin (D-26, 8 July 1955) reports a purchase from JAEGER EXIM CO., Berlin, by CNIEC of 400,000 units of nickel cathode sleeves, with delivery of all but 50,000 already completed. Jaeger obtained the sleeves from TELEFUNKEN GmbH but they allegedly originated in the US. A check by Customs Investigation Officers revealed no request for import license for this item.

## 15. DCN Case 382 (Mercury - 1500 flasks; Technical Progress)

CA-486, July 18, 1955, reported that late in June Technical Progress, Zurich, Switzerland, purchased 1,500 flasks of mercury in Italy for 1.9 million Swiss francs. An Italian export license was promised. The mercury was to be inspected in Rome and then shipped to East Germany via Hof, West Germany. When the mercury crossed the East German border Eastern buyers, upon being notified, were to make payment through the Banque Commerciale De L'Europe Du Nord in Paris. The Dept. of State requested Embassy Rome to inquire of the Italian authorities whether an export license had been issued, if a Swiss Blue Certificate had been obtained and to urge that every effort be made to prevent the shipment from leaving Italy.

## 16. DCN Case 383 (Copper; Colette Rudolf)

Zurich D-12, 18 July 1955 reported the diversion of an "extremely large" shipment of copper to be in process, via Brazil and Ireland, financed by the CREDIT SUISSE of Zurich. Colette Rudolf, a Swiss writer is alleged to be important in the diversion through friends in Dublin. See also Switzerland: TRACONT; Ireland: NATIONAL AGENCIES SERVICES and KINSELLA, JOHN.

## 17. DCN Case 384 (Mercury - 1,000 flasks; Mexican Products Trading Co.)

The Mexican Products Trading Co. at Stevinstraat 189, The Hague was reported in Bonn D 2700 of 28 June 1955, as having offered mercury, chrome, and 500 tons of copper wire to the DIA (Deutsche Innen und Aussenhandel), Berlin, East Germany.

The copper wire was specified as electrolytic of 6-6.3 mm at \$1,110 per thousand kilo.

In March of 1955 a Sander Szell, Mexico was seeking copper cathodes for shipment to a Duesseldorf firm. Szell's firm in Mexico was THE MEXICAN PRODUCTS TRADING COMPANY, and he stated that he had a partner in The Hague with good connections all over Europe. The subject firm is undoubtedly the one Szell referred to. For details see Mexico: Sander Szell (3). (CONFIDENTIAL)